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FEDERAL HOUSING FINANCE AGENCY

12 CFR Part 1238

[No. 2014-N-15]

Orders: Reporting by Regulated Entities of Stress Testing Results as of September 30, 2014

AGENCY: Federal Housing Finance Agency.

ACTION: Orders.

SUMMARY: In this document, the Federal Housing Finance Agency (FHFA) provides notice that it issued Orders dated December 1, 2014, with respect to reporting under section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Each Order is applicable on December 1, 2014.

FOR FURTHER INFORMATION CONTACT: Naa Awaa Tagoe, Senior Associate Director, Office of Financial Analysis, Modeling and Simulations, (202) 649-3140, naaawaa.tagoe@fhfa.gov; Stefan Szilagyi, Examination Manager, FHLBank Modeling, FHLBank Risk Modeling Branch, (202) 649-3515, Stefan.szilagyi@fhfa.gov; or Mark D. Laponsky, Deputy General Counsel, Office of General Counsel, (202) 649-3054 (these are not toll-free numbers), mark.laponsky@fhfa.gov. The telephone number for the

Telecommunications Device for the Hearing Impaired is (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

FHFA is responsible for ensuring that the regulated entities operate in a safe and sound manner, including the maintenance of adequate capital and internal controls, that their operations and activities foster liquid, efficient, competitive, and resilient national housing finance markets, and that they carry out their public policy missions through authorized activities. See 12 U.S.C. 4513. These Orders are being issued under 12 U.S.C. 4514(a), which authorizes the Director of FHFA to require by Order that the regulated entities submit regular or special reports to FHFA and establishes remedies and procedures for failing to make reports required by Order. The Orders are accompanied by Summary Instructions and Guidance to which is appended reporting templates and scenarios for stress testing.

II. Orders

For the convenience of the affected parties, the text of the Orders, without the accompanying Summary Instructions and Guidance and appendices, follows below in its entirety. You may access these Orders with all of the accompanying material from FHFA's Web site at: <http://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Issues-Scenarios-and-Guidance-to-FannieMae,-Freddie-Mac-and-the-Federal-Home-Loan-Banks-Regarding-Annual-Dodd-Frank-St.aspx>. The Orders and Summary Instructions and Guidance will be available for public inspection and copying at the Federal Housing Finance Agency, Eighth Floor, 400 Seventh St., SW, Washington, DC 20024. To make an

appointment, call (202) 649-3804.

The text of the Orders is as follows:

Federal Housing Finance Agency

Order Nos. 2014-OR-B-3, 2014-OR-FNMA-2, and 2014-OR-FHLMC-2

ORDER ON REPORTING BY REGULATED ENTITIES OF STRESS TESTING RESULTS AS OF SEPTEMBER 30, 2014

Whereas, section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) requires certain financial companies with total consolidated assets of more than \$10 billion, and which are regulated by a primary Federal financial regulatory agency, to conduct annual stress tests to determine whether the companies have the capital necessary to absorb losses as a result of adverse economic conditions;

Whereas, FHFA’s rule implementing section 165(i)(2) of the Dodd-Frank Act is codified as 12 CFR part 1238 and requires that “[e]ach regulated entity must file a report in the manner and form established by FHFA.” 12 CFR 1238.5(b);

WHEREAS, 12 CFR 1238.3(b) requires that FHFA issue to each regulated entity scenarios to be used in conducting annual stress testing;

Whereas, the Director of FHFA considers it appropriate to Order each regulated entity to report to FHFA results of stress testing under 12 CFR part 1238 using scenarios supplied by FHFA;

Whereas, FHFA issued to each regulated entity the required scenarios and reporting templates on November 14, 2014, fifteen calendar days following the Federal Reserve Board’s release of global shock scenario elements for use in its Dodd-Frank stress testing exercises; and

Whereas, section 1314 of the Safety and Soundness Act, 12 U.S.C. 4514(a) authorizes the Director of FHFA to require regulated entities, by general or specific order, to submit such reports on their management, activities, and operations as the Director considers appropriate.

Now therefore, it is hereby Ordered as follows:

Each regulated entity shall conduct annual stress testing and report to FHFA and to the Board of Governors of the Federal Reserve System the results of such

stress testing as required by 12 CFR part 1238, in the form and with the content described therein and in the Summary Instructions and Guidance accompanying this Order, using the scenarios and assumptions issued on November 14, 2014, and provided in Appendices 4 through 11 to the Summary Instructions and Guidance that accompanies this Order.

It is so ordered, this 1st day of December 2014.

This Order is effective immediately.

Signed at Washington, DC, this 1st day of December, 2014.

Melvin L. Watt,
Director, Federal Housing Finance Agency.

Melvin L. Watt
Director, Federal Housing Finance Agency.

Dated: December 1, 2014.

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